

**TOURO BOULIGNY SECURITY DISTRICT
AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 28, 2009**

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/12/09

TOURO BOULIGNY SECURITY DISTRICT

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
GENERAL-PURPOSE FINANCIAL STATEMENTS:	
<i>Balance Sheet</i>	4
<i>Statement of Activities</i>	5
NOTES TO THE FINANCIAL STATEMENTS	6
REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	11
CURRENT YEAR FINDINGS AND MANGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS	13
PRIOR YEAR FINDINGS AND MANGEMENT'S CORRECTIVE ACTION PLAN FOR PRIOR YEAR FINDINGS	14

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The Board of Commissioners
TOURO BOULIGNY SECURITY DISTRICT
New Orleans, Louisiana

INDEPENDENT AUDITORS' REPORT

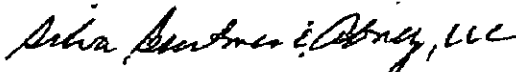
We have audited the accompanying general-purpose financial statements of the **TOURO BOULIGNY SECURITY DISTRICT** as of and for the year ended February 28, 2009, as listed in the table of contents. These general-purpose financial statements are the responsibility of the **TOURO BOULIGNY SECURITY DISTRICT's** management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the **TOURO BOULIGNY SECURITY DISTRICT** as of February 28, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 13, 2009, on our consideration of the **TOURO BOULIGNY SECURITY DISTRICT's** internal control and its compliance with laws and regulations. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, beginning on page 2, is not a required part of the financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



July 13, 2009

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**TOURO BOULIGNY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2009**

The Management's Discussion and Analysis ("MD&A") for the **TOURO BOULIGNY SECURITY DISTRICT** (the "District") is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. The information for the second year of operations for the district is presented to provide an overview of the District's activities. The information contained herein should be read in conjunction with the financial statements, notes thereto and other required supplemental information taken as a whole.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is required supplementary information that introduces the reader to the general-purpose financial statements and provides an overview of the District's financial activities. The District's general-purpose financial statements consist of the following components: the District's balance sheet, statement of revenue, expenditures and changes in fund balance activities and the notes to the financial statements.

The basic financial statements include the government-wide financial statement and, the fund financial statement. The government-wide financial statement consists of the Statement of Activities that provides information about activities of the District as a whole. The Fund Financial Statement includes all of the District's assets and liabilities and indicates how the District's services were financed in the short-term as well as what remains for future spending. The governmental activities are financed primarily by property taxes, and all the District's operations are conducted through the general fund.

FINANCIAL STATEMENT HIGHLIGHTS

The District began operations in 2007, thus total net assets increased by \$69,116 for the first year of operations and resulted in net assets of \$69,116 at March 1, 2008.

The total spending for the governmental activity was \$175,404 for the year; this was \$81,398 less than the taxes (interest and other revenue) received for this activity, which totaled \$256,802.

The interest earned on funds held in custody (at the Board of Liquidation, City Debt) was \$4,377.

GENERAL FUND BUDGETARY HIGHLIGHTS

Post-Katrina revenue expectations in the first year of operations was an uncertainty as it was not clear whether estimated taxes due based on property values would be collected. In these circumstances, the Board deemed it wise to be conservative in providing security services until the flow of revenue could be elevated. As a result, the District, using its conservative approach in operations in its initial year, operated well within the amount of funds that were received and had sufficient funds to continue providing substantial services into the next year.

Using the first years' experience, the District concluded that the tax collected would be reliable and took action to enhance the security services provided.

In fiscal 2009, the District's second year of operations, actual revenues were less than budgeted revenues by \$10,518 and actual expenditures were less than budgeted expenditures by \$22,011. The major variance amount of \$ 10,518 was due to the District netting the 4% city fee and assessor fees from the actual results but not from the budget estimates where the fees of \$10,518 were included as administrative expenses

**TOURO BOULIGNY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2009**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's primary revenue source is an ad valorem millage tax on property in the District. Since property valuations were reassessed for 2008, the millage rate was reduced in light of the increased property valuation to provide funds comparable to the level of revenue received in the first year of operations. The budget for the upcoming year (fiscal year 2010), beginning March 1, 2009 and ending February 28, 2010, should not change significantly from the current year's budget.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations. In addition, the District has complied with all Louisiana Ethics Laws and Parliamentary Procedures during the 2008 fiscal year when conducting the business of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide our residents of the district and others with a general overview of the District's finances and to show the District's accountability for funds received.

Questions regarding this report and requests for additional information may be directed to Mr. James Smoak, District Commissioner, P.O. Box 750290, New Orleans, Louisiana 70175.

Brian Chamberlain
District Treasurer
Touro Bouligny Security District

**TOURO BOULIGNY SECURITY DISTRICT
BALANCE SHEET
FEBRUARY 28, 2009**

ASSETS

Cash	\$ 72,683
Receivables - due from the Board of Liquidators, City Debt	<u>255,212</u>
Total Assets	<u><u>327,895</u></u>

LIABILITIES AND FUND BALANCE

Accounts payable	13,602
Deferred revenue	<u>163,779</u>
Total Liabilities	<u>177,381</u>
Fund balance - unreserved and undesignated	<u>150,514</u>
Total Liabilities and Fund Balance	<u><u>\$ 327,895</u></u>

The accompanying notes are an integral part of these financial statements.

**TOURO BOULIGNY SECURITY DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2009**

	Actual	Budget	Variance
REVENUES			
Ad valorem tax, net of uncollectible	\$ 252,425	\$ 262,943	\$ (10,518)
Interest earned	4,377	4,377	-
Total Revenues	256,802	267,320	(10,518)
EXPENDITURES			
Direct Expenditures			
Patrol and security services	166,968	175,895	8,927
Total Direct Expenditures	166,968	175,895	8,927
Administrative Expenditures			
Accounting	-	2,800	2,800
Administrative personnel	-	-	-
Insurance	2,156	2,156	-
City & Assessor Fees	-	10,518	10,518
Office supplies and equipment	4,280	-	(4,280)
Printing postage and signs	2,000	6,046	4,046
Total Administrative Expenditures	8,436	21,520	13,084
Total Expenditures	175,404	197,415	22,011
EXCESS OF REVENUES OVER EXPENDITURES	81,398	69,905	11,493
BEGINNING FUND BALANCE	69,116	69,116	-
ENDING FUND BALANCE	\$ 150,514	\$ 139,021	\$ 11,493

The accompanying notes are an integral part of these financial statements.

**TOURO BOULIGNY SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2009**

NOTE A - INTRODUCTION

The Touro Bouligny Security District (the "District") is a special taxing district created by Act 77 of Regular Session of 2005 of the Louisiana Legislature (Louisiana Revised Statute 33:9091.9), for the purpose of promoting and encouraging the security in the area included within the District.

The District is governed by a Board consisting of nine members (commissioners) who are residents within the District. The commissioners are appointed by certain organizations within the district; including the mayor, the state senator, the state representative, and the city council member who represents the District. Commissioners are appointed on rotating and staggered schedule over a four year term. In addition, the Commissioners serve on the Board of the District without compensation.

The boundaries of the District are those areas within the following perimeter:

Louisiana Avenue to St. Charles Avenue (river side only)
to Napoleon Avenue (both sides)
to Magazine Street (both sides)
and back to Louisiana Avenue (excluding all municipal numbers on Louisiana Ave.)

The District has no paid employees.

As approved by the majority of voters of the District in September 2006, the operations of the District are funded by the imposition of a special ad valorem tax placed on taxable real property within the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying general-purpose financial statements of the **TOURO BOULIGNY SECURITY DISTRICT** (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial Statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, issued in June 1999.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

**TOURO BOULIGNY SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2009**

REPORTING ENTITY

The District is the basic level of government, which has financial accountability and control over all affairs of the District related to promoting and encouraging the security of the Touro Bouligny area in Orleans Parish. The District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, because the majority of the Board members are appointed by the public, and said Board has decision-making authority, the authority to set rates (within legally prescribed limits), the power to designate management, the ability to significantly influence operations, and has the primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement 14, which are included in the District's reporting entity.

FUND ACCOUNTING

Due to the nature of the organization and its present operations, all revenues and expenditures of the District are accounted for in the General Fund, a governmental fund type. This fund is the general operating fund of the District. It is used to account for all financial resources of the District.

BASIS OF ACCOUNTING - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities report information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

FUND FINANCIAL STATEMENTS

The amounts reflected in the General Fund Statements, are accounted for using a current financial resources measurement focus. Measurement focus refers to what is being measured; basis of account refers to timing of when revenues and expenditures are recognized in the accounts and reported in the financial statements.

All revenues and expenditures of the District are accounted for in the General Fund (a governmental fund type). Governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized when susceptible to an accrual, i.e. when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable.

BUDGET PRACTICES

The proposed budget, prepared on the modified accrual basis of accounting, is submitted to the Board of Commissioners prior to the beginning of each fiscal year. The budget is made available for public inspection and is then legally adopted by the Board. The budget is established and controlled by the District, and is amended during the year, as necessary. All budgetary appropriations lapse at the end of the year and must be re-appropriated for the following year to be expended.

**TOURO BOULIGNY SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2009**

NOTE C – CASH AND CASH EQUIVALENTS

Cash includes amounts in interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with banks organized under the Louisiana law or any other state of the United States, or under the laws of the United States.

At February 28, 2009 the District had \$72,683 in non-interest bearing demand deposits. These deposits are stated at cost, which approximates market. Under the state law, these deposits, or the resulting bank balances, must be secured by the Federal Deposit Insurance Commission or the pledge of securities owned by the fiscal agent bank. At February 28, 2009, the District had \$72,683 in deposits (collected bank balance) insured by the FDIC coverage.

The District does not have any investments other than cash invested in a non-interest bearing checking account. Funds held in a custodial account of the Board of Liquidation, City Debt, are invested in fully secured certificates of deposits and/or obligations of the United States Government.

The District is exposed to various risk of loss to torts; and theft of, damage to and destruction of assets. To handle such risks, the District has been named as an additional insured under the policies maintained by the company providing the patrol services to the District.

NOTE D – AD VALOREM TAXES

Annually the District submits a plan to the City Council of New Orleans to levy and collect a special tax, not to exceed sixteen and two tenths (16.2) mills, on all taxable real property situated within the boundaries of the District.

The City of New Orleans levies and collects the special taxes for the District in the same manner and at the same time as all other ad valorem taxes on property subject to taxation by the City of New Orleans. Specifically, with regards to the District, the special ad valorem taxes are levied on January 1 of the current year based on the assessed values as of August 15 of the prior year. Ad valorem taxes are due January 1 and become delinquent on February 1. Both the City of New Orleans and the Assessor are permitted to retain two percent (2%) of the amount collected as a collection fee.

Tax receipts are paid over to the Board of Liquidation, City Debt, day by day as collected. The Board of Liquidation, City Debt, serves in a custodial capacity for the District and the funds collected are deposited in a special account until warranted by the District.

The District records the ad valorem taxes as receivables and revenues in the year the taxes become due.

NOTE E – RECEIVABLES – DUE FROM BOARD OF LIQUIDATION, CITY DEBT

At February 28, 2009 accounts receivable was \$255,212. This mainly consists of funds held in a custodial account with the Board of Liquidation, City Debt. These funds, which have not been warranted by the District as of February 28, 2009, consist of ad valorem tax collections and interest earned on funds held in custody.

NOTE F – PENSION PLAN

The District has no paid employees and is therefore not a member of a retirement plan.

**TOURO BOULIGNY SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 28, 2009**

NOTE G – LITIGATION AND CLAIMS

The District is not involved in any litigation and management is not aware of any claims against the District.

NOTE H – COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of the District receive no compensation for their services.

NOTE I – OTHER COMMITMENTS AND CONTINGENCIES

The District has a contract/security services agreement with a company that provides guard patrol services for the protection of the property and persons located within the boundaries of the District.

The contract with the company began on March 1, 2007 and ends on February 28, 2009, and includes an option to renew on an annual basis. Total expenditures under the contract for the 2009 fiscal year were \$166,968.

OTHER SUPPLEMENTAL REPORTS

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The Board of Commissioners
TOURO BOULIGNY SECURITY DISTRICT
New Orleans, Louisiana

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general-purpose financial statements of the **TOURO BOULIGNY SECURITY DISTRICT** as of and for the year ended February 28, 2009, and have issued our report thereon dated July 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **TOURO BOULIGNY SECURITY DISTRICT'S** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance

As part of obtaining reasonable assurance about whether **TOURO BOULIGNY SECURITY DISTRICT'S** general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the **TOURO BOULIGNY SECURITY DISTRICT'S** management, the City of New Orleans and the Legislative Auditor for the State of Louisiana and should not be used by anyone other than these specified users.

Olivia Beaudry & Albany, LLC

July 13, 2009

**TOURO BOULIGNY SECURITY DISTRICT
CURRENT YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR END FEBRUARY 28, 2009**

For the 2008 fiscal year there were no findings to be reported.

**TOURO BOULIGNY SECURITY DISTRICT
PRIOR YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED FEBRUARY 28, 2009**

For the 2007 fiscal year we noted the following findings and management's response:

Finding 2007-1: Budgetary Compliance

Local Government Budgeting Act LSA-R.S. 39:1301-1316 requires the Comptroller (or his/her equivalent) to prepare a budget in a manner that parallels the accounting system and notify the Board in writing during the year when actual revenues fail to meet budgeted revenues by 5% or more, or when actual expenditures exceed budgeted expenditures by 5% or more. Furthermore, LSA-R.S. 39:1309 requires the Board to amend the budget upon being notified.

It does not appear that the District complied with these requirements. There are several instances of expenditures exceeding budget by 5% or more, with no evidence of notification. The District did not prepare a full budget for the general fund or the special revenue fund. The original budget presented reflected only budgeted expenditures for each fund.

Management's corrective action plan:

The District's Board will periodically request a report from the City of New Orleans which itemizes the amount of taxes levied and collected, including the amount of fees charged by the City of New Orleans as allowed per statutes. The District intends to comply with the Local Government Budget Act in the future.

Resolution:

The District complied with the Local Government Budgeting Act LSA-R.S. 39:1301-1316. A full budget was prepared and presented to the Board. In addition, the board was notified and an amended budget was presented to the board during the year when actual revenues/expenditures differed by 5% or more, from actual revenues/expenditures. Thus, the District complied with LSA-R.S. 39:1309 as the Board approved amended the budget upon being notified

Finding 2007-2: The Open Meetings Law

The Open Meetings Law requires a notice and agenda to be posted 24 hours in advance of a meeting. Although the Board asserts that the agenda is posted 24 hours in advance of meetings, there is no evidence. Verbal or written evidence would confirm that a notice has been posted. This should be noted in the meeting and documented in the minutes.

Management's corrective action plan:

The District will ensure that posted notices are confirmed at the meeting and noted in the minutes.

Resolution:

The District complied with The Open Meetings Law throughout the year requiring a notice and agenda to be posted 24 hours in advance of a meeting. The District evidenced the compliance maintaining a copy of the notice to be included in the meetings minutes.

**TOURO BOULIGNY SECURITY DISTRICT
PRIOR YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED FEBRUARY 28, 2009**

Finding 2007-3: Accounting and Reporting

Adequate internal controls over financial reporting are properly in place and operating. However in order to ensure expenditures are properly authorized, each invoice should initialed and dated indicating the expenditure has been approved for disbursement.

Management's corrective action plan:

The District will ensure that all invoices are initialed and dated by authorized persons prior to processing the expenditure for disbursement.

Resolution:

Invoices are properly initialed and dated by someone authorized indicating the expenditure has been approved for disbursement.

Finding 2007-4: Revenue and Budgetary Monitoring By Management

Revenue recognition and budgetary monitoring procedures would be improved if the District would periodically request a report from the City of New Orleans itemizing the amount of taxes levied and collected, including the amount of fees charged by the city as allowed per statutes.

Management's corrective action plan:

The District is aware of the reconciliation process and the necessity to have accurate financial data. For this reason, the City of New Orleans been contacted on several occasions requesting such information but the City of New Orleans has not been able to identify in the funds provided, what amount relates to 2007 and 2008 tax collections thus far. Management will continue to contact the City of New Orleans for this information.

Resolution:

As a means of continuous improvement, the District periodically requested a report from the City of New Orleans itemizing the amount of taxes levied and collected, including the amount of fees charged by the city as allowed per statutes.